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Austin, TX 78731-4280  
Phone: 512.343.2544  
Fax: 512.343.0119

REDACTED - FOR PUBLIC INSPECTION

**VIA OVERNIGHT DELIVERY**

June 27, 2014

*Received & Inspected*

JUL - 1 2014

FCC Mail Room

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

RE: **REQUEST FOR CONFIDENTIAL TREATMENT** - *Connect America Fund*, WC Docket No. 10-90;  
*Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42

Request that Information Submitted to the Commission be Withheld from Public Inspection Pursuant to 47 C.F.R. §0.459 and 5 U.S.C. §552(b)(4): Five-Year Service Quality Improvement Plan included in FCC Form 481

Confidential Financial Information - Subject to Protective Order in WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Before the Federal Communications Commission

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Cap Rock Telephone Cooperative, Inc. (the Cooperative), Study Area Code 442046, is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS) in WC Docket Nos. 10-90 and 11-42. The Cooperative, by its authorized representative, hereby requests confidential treatment of two attachments to its FCC Form 481: (1) the five-year service quality improvement plan and (2) the financial annual report, both of which were redacted in the ECFS submission. The request for confidential treatment of the five-year plan is being made pursuant to section 0.459 of the Commission's rules and Exemption 4 of the Freedom of Information Act (FOIA). The request for confidential treatment of the financial annual report is being made pursuant to the FCC's November 16, 2012 *Protective Order* in WC Docket No. 10-90 *et al.* These attachments contain competitively sensitive data that Cap Rock Telephone Cooperative, Inc. maintains as confidential and does not normally make available to the public. Release of this information would have a substantial negative impact on the Cooperative.

No. of Copies rec'd 0+1  
List ABCDE

Ms. Marlene Dortch  
June 27, 2014  
Page 2

**Five-Year Service Quality Improvement Plan**

Pursuant to section 0.459 of the Commission's rules and Exemption 4 of FOIA, Cap Rock Telephone Cooperative, Inc. requests that the text and data extracted from its five-year service quality improvement plan be withheld from public inspection because it contains competitively sensitive commercial and financial information that the Cooperative keeps confidential. Public availability of this information would have a substantial negative impact on the Cooperative.

In accordance with section 0.459 of the Commission's rules, the following information is provided in support of this request:

(1) Identification of the specific information for which confidential treatment is sought:

Attachment to Line 112 of FCC Form 481 - Five-Year Service Quality Improvement Plan. Specifically, confidential treatment is sought for all information in the five-year plan related to the Cooperative's access line counts, existing broadband capabilities, and its network investment plans through 2019 that will improve service quality for its customers.

(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission:

The information was submitted in WC Docket Nos. 10-90 and 11-42 as an attachment to FCC Form 481- the Carrier Annual Reporting Data Collection Form. Section 100 of FCC Form 481 requires incumbent local exchange carriers receiving high cost support to attach a five-year service quality improvement plan, pursuant to 47 C.F.R. §§54.202(a)(1)(ii) and 54.313(a)(1).

(3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged:

The five-year service quality improvement plan contains granular information on the Cooperative's access line counts and existing broadband capabilities as well as detailed plans for financial investments in its network through 2019 to improve service to subscribers. This is closely guarded, privileged information that the Cooperative does not make publicly available.

(4) Explanation of the degree to which the information concerns a service that is subject to competition:

Broadband is subject to increasing competition in the areas served by rural, rate-of-return incumbent local exchange carriers (RLECs). Virtually all RLECs face competition from one or more wireless Internet service providers. Most RLECs also face competition from at least one other wireline broadband provider such as a larger cable company, who will typically seek to "cherry pick" the lower cost portions of the study area. In addition, all RLECs face competition throughout their territories from satellite broadband providers.



(5) Explanation of how disclosure of the information could result in substantial competitive harm:

Disclosure of the information contained in the five-year plan would provide competitors with detailed, granular information regarding the Cooperative's access line count, its existing broadband capabilities, and its strategic plans for network investments. This would give competitors invaluable confidential information with which to develop their own strategies for investing in the service area, thereby bringing substantial competitive harm to the Cooperative.

(6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure:

The Cooperative has continually treated the extracted information in its five-year plan as confidential and carefully controls the information to protect it from competitors. Access to the information is limited to employees that require it and to non-employees with confidentiality obligations such as lenders, consultants, auditors, and attorneys. In addition, when such information is required to be submitted to a state regulatory authority it has been filed as confidential information, not available to the public.

(7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties:

The redacted information in the five-year plan is not available to the public, and third party access is limited as described in (6) above.

(8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure:

The Cooperative requests that the extracted information be withheld from public inspection indefinitely. Although the information reflects the Cooperative's service improvement plans for a five year period, it would provide a very useful baseline for competitors for several years beyond that period.

(9) Any other information that the party seeking confidential information treatment believes may be useful in assessing whether its request for confidentiality should be granted:

Exemption 4 of FOIA shields from public disclosure commercial or financial information obtained from a person that is privileged or confidential. Based on the responses provided above, the information in question satisfies this test.

**Financial Annual Report**

Section 3005 of FCC Form 481 requires a privately-held rate-of-return carrier receiving high cost support to attach a full and complete annual report of the Cooperative's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Cap Rock Telephone Cooperative, Inc. seeks confidential treatment of its financial annual report pursuant to the November 16, 2012 *Protective Order* in WC Docket No. 10-90, *et al.*<sup>1</sup> The *Protective Order* specifically covers information filed pursuant to 47 C.F.R. §54.313(f)(2).

<sup>1</sup> *Connect America Fund et al.*, WC Docket No. 10-90 *et al.*, *Protective Order*, DA 12-1857 (rel. Nov. 16, 2012).



Ms. Marlene Dortch  
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Cap Rock Telephone Cooperative, Inc. is providing to the Office of the Secretary, under seal, this cover letter and the Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

Each page of the five-year service quality improvement plan confidential submission bears the legend, "CONFIDENTIAL - NOT FOR PUBLIC DISCLOSURE."

Each page of the financial annual report confidential submission bears the legend, "CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

Two copies of the Form 481 filing in redacted form and an accompanying cover letter are also being provided with the confidential filing. Each page of the redacted filing and accompanying cover letter is marked "REDACTED - FOR PUBLIC INSPECTION."

Two copies of this cover letter and the Form 481 filing with the confidential information are also being delivered to Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau.

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as an attachment to the FCC Form 481.

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lynette Hampton".

Lynette Hampton  
Authorized Representative for  
Cap Rock Telephone Cooperative, Inc.

LH/pjf

Enclosures

cc: Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau,  
Federal Communications Commission, (2 hardcopies of non-redacted submission)

Mr. Jim Whitefield, Cap Rock Telephone Cooperative, Inc.



# 2015 Annual Reporting

<010> Study Area Code 442046

<015> Study Area Name CAP ROCK TEL COOP

<020> Program Year 2015

<030> Contact Name: Person USAC should contact with questions about this data Stefanie Ericsson

<035> Contact Telephone Number: 8062713336 ext. Number of the person identified in data line <030>

<039> Contact Email Address: advisory@caprock-spur.com Email of the person identified in data line <030>

Received & Inspected

JUL - 1 2014

FCC Mail Room

|  |   |                                     |                                     |
|--|---|-------------------------------------|-------------------------------------|
| <100> Service Quality Improvement Reporting                                    | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <200> Outage Reporting (voice)   | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <210> <input checked="" type="checkbox"/> -- check box if no outages to report |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <300> Unfulfilled Service Requests (voice) 0                                   |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <310> Detail on Attempts (voice)   | (attach descriptive document)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <320> Unfulfilled Service Requests (broadband) 14                              |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <330> Detail on Attempts (broadband) 442046tx330.pdf                           | (attach descriptive document)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <400> Number of Complaints per 1,000 customers (voice)                         |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <410> Fixed 0.25   |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <420> Mobile 0.0   |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <430> Number of Complaints per 1,000 customers (broadband)                     |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <440> Fixed 0.0  |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <450> Mobile 0.0   |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <500> Service Quality Standards & Consumer Protection Rules Compliance         | (check to indicate certification)         | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <510> 442046tx510.pdf  | (attached descriptive document)           | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <600> Functionality in Emergency Situations                                    | (check to indicate certification)         | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <610> 442046tx610.pdf  | (attached descriptive document)           | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <700> Company Price Offerings (voice)  | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <710> Company Price Offerings (broadband)                                      | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <800> Operating Companies and Affiliates                                       | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <900> Tribal Land Offerings (Y/N)?   | (if yes, complete attached worksheet)     | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <1000> Voice Services Rate Comparability                                       | (check to indicate certification)         | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <1010> 442046tx1010.pdf  | (attach descriptive document)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <1100> Terrestrial Backhaul (Y/N)?   | (if not, check to indicate certification) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <1110>   | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <1200> Terms and Condition for Lifeline Customers                              | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

## Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000> (check to indicate certification)

<2005> (complete attached worksheet)

## Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000> (check to indicate certification)

<3005> (complete attached worksheet)

**(100) Service Quality Improvement Reporting  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010> Study Area Code 442046

<015> Study Area Name CAP ROCK TEL COOP

<020> Program Year 2015

<030> Contact Name - Person USAC should contact regarding this data Stefanie Ericsson

<035> Contact Telephone Number - Number of person identified in data line <030> 8062713336 ext.

<039> Contact Email Address - Email Address of person identified in data line <030> advisory@caprock-spur.com

<110> Has your company received its ETC certification from the FCC? (yes / no) ☐ ☒

If your answer to Line <110> is yes, do you have an existing §54.202(a) "5

<111> year plan" filed with the FCC? (yes / no) ☐ ☐

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

442046tx112.pdf

Name of Attached Document

Please check these boxes below to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113> Maps detailing progress towards meeting plan targets

<114> Report how much universal service (USF) support was received

<115> How (USF) was used to improve service quality

<116> How (USF) was used to improve service coverage

<117> How (USF) was used to improve service capacity

<118> Provide an explanation of network improvement targets not met in the prior calendar year.

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|       |   |                           |
|-------|---|---------------------------|
| <010> | Study Area Code   | 442046                    |
| <015> | Study Area Name   | CAP ROCK TEL COOP         |
| <020> | Program Year  | 2015                      |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Stefanie Ericsson         |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 8062713336 ext.           |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | advisory@caprock-spur.com |

[illegible]







|       |   |                           |
|-------|---|---------------------------|
| <010> | Study Area Code   | 442046                    |
| <015> | Study Area Name   | CAP ROCK TEL COOP         |
| <020> | Program Year  | 2015                      |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Stefanie Ericsson         |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 8062713336 ext.           |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | advisory@caprock-spur.com |

&lt;711&gt;

[illegible]

|       |   |                                      |
|-------|---|--------------------------------------|
| <010> | Study Area Code   | 442046                               |
| <015> | Study Area Name   | CAP ROCK TEL COOP                    |
| <020> | Program Year  | 2015                                 |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Stefanie Ericsson                    |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 8062713336 ext.                      |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | advisory@caprock-spur.com            |
| <810> | Reporting Carrier   | Cap Rock Telephone Cooperative, Inc. |
| <811> | Holding Company   |                                      |
| <812> | Operating Company   | Cap Rock Telephone Cooperative, Inc. |

[illegible]





|       |   |                           |
|-------|---|---------------------------|
| <010> | Study Area Code   | 442046                    |
| <015> | Study Area Name   | CAP ROCK TEL COOP         |
| <020> | Program Year  | 2015                      |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Stefanie Ericsson         |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 8062713336 ext.           |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | advisory@caprock-spur.com |

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

| Select<br>(Yes, No,<br>NA) |
|----------------------------|
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|       |   |                           |
|-------|---|---------------------------|
| <010> | Study Area Code   | 442046                    |
| <015> | Study Area Name   | CAP ROCK TEL COOP         |
| <020> | Program Year  | 2015                      |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Stefanie Ericsson         |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 8062713336 ext.           |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | advisory@caprock-spur.com |

Please check this box to confirm no terrestrial backhaul  
 <1120> options exist within the supported area pursuant to § 54.313(G) ☐

Please check this box to confirm the reporting carrier offers  
 <1130> broadband service of at least 1 Mbps downstream and 256 kbps  
 upstream within the supported area pursuant to § 54.313(G) ☐





|       |   |                           |
|-------|---|---------------------------|
| <010> | Study Area Code   | 442046                    |
| <015> | Study Area Name   | CAP ROCK TEL COOP         |
| <020> | Program Year  | 2015                      |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Stefanie Ericsson         |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 8062713336 ext.           |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | advisory@caprock-spur.com |

442046tx1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒

|   |                          |
|---|--------------------------|
| (2000) Price Cap Carrier Additional Documentation | Form 47 CFR 54.313(b)(1) |
| Data Line   | Form 47 CFR 54.313(b)(1) |
| Including Note of Intent to Exchange              | Form 47 CFR 54.313(b)(1) |

|       |   |                           |
|-------|---|---------------------------|
| <010> | Study Area Code   | 442046                    |
| <015> | Study Area Name   | CAP ROCK TEL COOP         |
| <020> | Program Year  | 2015                      |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Stefanie Ericsson         |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 8062713336 ext.           |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | advisory@caprock-spur.com |

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

|        |  |                          |
|--------|--|--------------------------|
| <2010> | 2nd Year Certification {47 CFR § 54.313(b)(1)} | <input type="checkbox"/> |
| <2011> | 3rd Year Certification {47 CFR § 54.313(b)(2)} | <input type="checkbox"/> |

**Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}**

|        |  |                          |
|--------|--|--------------------------|
| <2012> | 2013 Frozen Support Certification            | <input type="checkbox"/> |
| <2013> | 2014 Frozen Support Certification            | <input type="checkbox"/> |
| <2014> | 2015 Frozen Support Certification            | <input type="checkbox"/> |
| <2015> | 2016 and future Frozen Support Certification | <input type="checkbox"/> |

**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

|        |   |                          |
|--------|---|--------------------------|
| <2016> | Certification Support Used to Build Broadband | <input type="checkbox"/> |
|--------|---|--------------------------|

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

|        |   |                          |
|--------|---|--------------------------|
| <2017> | 3rd year Broadband Service Certification  | <input type="checkbox"/> |
| <2018> | 5th year Broadband Service Certification  | <input type="checkbox"/> |
| <2019> | Interim Progress Certification  | <input type="checkbox"/> |
| <2020> | Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. | <input type="checkbox"/> |

<2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information



(3000) Enter Additional Document Information

FCC Form 486

Data Entry

OMB Control No. 3070-0047  
July 2010

<010> Study Area Code 442046  
 <015> Study Area Name CAP ROCK TEL COOP  
 <020> Program Year 2015  
 <030> Contact Name - Person USAC should contact regarding this data Stefanie Ericsson  
 <035> Contact Telephone Number - Number of person identified in data line <030> 8062713336 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> advisory@caprock-spur.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3010) Progress Report on 5 Year Plan  
 Milestone Certification (47 CFR § 54.313(f)(1)(i))

Name of Attached Document Listing Required Information

(3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☐

(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))

(Yes/No)

(3014) If yes, does your company file the RUS annual report

(Yes/No)

☒ ☒

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

☒

(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☒

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

442046tx3017.pdf

Name of Attached Document Listing Required Information

(3018) If the response is no on line 3014, Is your company audited?

(Yes/No)

☐ ☐

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications

☐

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☐

(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit.

☐

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,

☐

(3023) Underlying information subjected to a review by an independent certified public accountant

☐

(3024) Underlying information subjected to an officer certification.

☐

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☐

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information



|       |   |                           |
|-------|---|---------------------------|
| <010> | Study Area Code   | 442046                    |
| <015> | Study Area Name   | CAP ROCK TEL COOP         |
| <020> | Program Year  | 2015                      |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Stefanie Ericsson         |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 8062713336 ext.           |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | advisory@caprock-spur.com |

**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

| Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients  |                                |
|---|--------------------------------|
| I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate. |                                |
| Name of Reporting Carrier:  |                                |
| Signature of Authorized Officer:  | Date                           |
| Printed name of Authorized Officer:   |                                |
| Title or position of Authorized Officer:  |                                |
| Telephone number of Authorized Officer:   |                                |
| Study Area Code of Reporting Carrier:   | Filing Due Date for this form: |
| Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.  |                                |





|   |                           |
|---|---------------------------|
| <010> Study Area Code   | 442046                    |
| <015> Study Area Name   | CAP ROCK TEL COOP         |
| <020> Program Year  | 2015                      |
| <030> Contact Name - Person USAC should contact regarding this data                 | Stefanie Ericsen          |
| <035> Contact Telephone Number - Number of person identified in data line <030>     | 8062713336 ext.           |
| <039> Contact Email Address - Email Address of person identified in data line <030> | advisory@caprock-spur.com |

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

| Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier   |  |
|---|--|
| I certify that (Name of Agent) <u>Lynette Hampton</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate. |  |
| Name of Authorized Agent:   | Lynette Hampton                                  |
| Name of Reporting Carrier:  | CAP ROCK TEL COOP                                |
| Signature of Authorized Officer:  | CERTIFIED ONLINE Date: 06/27/2014                |
| Printed name of Authorized Officer:   | Jim Whitefield                                   |
| Title or position of Authorized Officer:  | Executive VP & General Manager                   |
| Telephone number of Authorized Officer:   | 8062713336 ext.                                  |
| Study Area Code of Reporting Carrier:   | 442046 Filing Due Date for this form: 07/01/2014 |
| Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.  |  |

TO BE COMPLETED BY THE AUTHORIZED AGENT:

| Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier   |  |
|--|--|
| I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate. |  |
| Name of Reporting Carrier:   | CAP ROCK TEL COOP                                |
| Name of Authorized Agent or Employee of Agent:   | Lynette Hampton                                  |
| Signature of Authorized Agent or Employee of Agent:  | CERTIFIED ONLINE Date: 06/27/2014                |
| Printed name of Authorized Agent or Employee of Agent:   | Lynette Hampton                                  |
| Title or position of Authorized Agent or Employee of Agent:  | Authorized Representative                        |
| Telephone number of Authorized Agent or Employee of Agent:   | 5126527725 ext.                                  |
| Study Area Code of Reporting Carrier:  | 442046 Filing Due Date for this form: 07/01/2014 |
| Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.   |  |

## Attachments

<010> Study Area Code 442046  
 <015> Study Area Name CAP ROCK TEL COOP  
 <020> Program Year 2015  
 <030> Contact Name - Person USAC should contact regarding this data Stefanie Ericsson  
 <035> Contact Telephone Number - Number of person identified in data line <030> 8062713336 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> advisory@caprock-spur.com

<701> Residential Local Service Charge Effective Date  
 <702> Single State-wide Residential Local Service Charge

1/1/2014

<703>

| State | Exchange (ILEC) | SAC (CETC) | Rate Type | Residential Local Service Rate | State Subscriber Line Charge | State Universal Service Fee | Mandatory Extended Area Service Charge | Total per line Rates and Fees |
|-------|-----------------|------------|-----------|--------------------------------|------------------------------|-----------------------------|--|-------------------------------|
| TX    | AFTON           |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | DICKENS         |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | DRY LAKE        |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | FLOMOT          |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | GIRARD          |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | HACKMONT        |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | JAYTON          |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | MATADOR         |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | PADUCAH         |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | PEACOCK         |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | QUITAQUE        |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | ROARING SPRINGS |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | SPUR            |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | TURKEY          |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | VERBENA         |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
| TX    | WHITE RIVER     |            | FR        | 18.2                           | 0.0                          | 0.68                        | 0.0                                    | 18.88                         |
|       |                 |            |           |                                |                              |                             |  |                               |
|       |                 |            |           |                                |                              |                             |  |                               |
|       |                 |            |           |                                |                              |                             |  |                               |
|       |                 |            |           |                                |                              |                             |  |                               |
|       |                 |            |           |                                |                              |                             |  |                               |



|       |   |                           |
|-------|---|---------------------------|
| <010> | Study Area Code   | 442046                    |
| <015> | Study Area Name   | CAP ROCK TEL COOP         |
| <020> | Program Year  | 2015                      |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Stefanie Ericsson         |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 8062713336 ext.           |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | advisory@caprock-spur.com |

[illegible]



## LINE 112 – FIVE-YEAR SERVICE QUALITY IMPROVEMENT PLAN

Following is the initial five-year service quality improvement plan for Cap Rock Telephone Cooperative, Inc. ("Cap Rock" or "the Cooperative") pursuant to 47 C.F.R. § 54.202(a)(1)(ii) that requires an eligible telecommunications carrier (ETC) to describe proposed improvements or upgrades to the ETC's network throughout its service area. The *USF/ICC Transformation Order* establishes a public interest obligation for rate-of-return ETCs to provide broadband service at speeds of at least 4 Mbps downstream and 1 Mbps upstream (4:1) "upon reasonable request." A service quality improvement plan cannot project where in the service area reasonable requests will be made. However, the proposed service improvements in this plan result in the availability of greater broadband speeds and capacity in the Cooperative's service area than is currently available.

Although this plan is a good faith effort by the Cooperative, it is subject to change, given the uncertainty faced by ETCs regarding whether capital investments will be recoverable over the five year planning horizon. Factors that may affect the capital improvements plan include erosion of the customer base due to competition, alternative technologies, economic conditions in the service area, and unpredictable changes in the universal service support amounts an ETC receives.

Cap Rock owns and operates sixteen exchanges serving subscribers located in the South Plains and Rolling Plains of Texas. The service area includes portions of Briscoe, Cottle, Crosby, Dickens, Floyd, Foard, Garza, Hall, Kent, King, Motley, and Stonewall Counties. This service area covers approximately 5,145 square miles.



## Baseline Network Description



*Table 1 – Current Broadband Capabilities*

| Exchange Name | Square Miles | Total Existing Access Lines | Estimated Total Population Served | Total Broadband Capable Lines | Estimated Broadband Capable Population | % Broadband Capable |
|---------------|--------------|-----------------------------|-----------------------------------|-------------------------------|--|---------------------|
|---------------|--------------|-----------------------------|-----------------------------------|-------------------------------|--|---------------------|



## 2014 – 2019 Service Quality Improvement Plan

Table 2 provides Cap Rock's intended service quality improvements and associated capital expenditures for 2014 – 2019, by exchange, along with estimates of the population that will be served by the improvements.

*Table 2 – Service Quality Improvement Plan*

| Exchange | Description of Improvement | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Estimated<br>Population<br>Served by<br>Improvements |
|----------|----------------------------|------|------|------|------|------|------|--|
|          |                            |      |      |      |      |      |      |  |

Narrative Description: 2014 - 2015

[REDACTED]

Dickens

[REDACTED]

Jayton

[REDACTED]

Spur

[REDACTED]

System Level

[REDACTED]



Narrative Description: 2016 – 2019



### **LINE 330 – EXPLANATION OF UNFULFILLED BROADBAND REQUESTS**

Cap Rock Telephone Cooperative, Inc. had a total of 14 unfulfilled requests for broadband service at the end of 2013.

3 of the 14 requests were fulfilled in 2014 through the addition of network equipment.

5 of the requests require the addition of network equipment and/or fiber to the end user location and will be addressed in the upcoming years as the Cooperative upgrades and builds out its network.

6 of the requests are not reasonable due to their distance from the Cooperative's network facilities. Of the 6 requests deemed unreasonable, one resides in an uncertificated territory. The Cooperative may be able to provide service for these 6 requestors at some future date if a viable technological solution becomes available.

## **LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE**

Cap Rock Telephone Cooperative, Inc. complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

Service quality standards for voice service are established by the state commission. The Cooperative consistently meets or exceeds those standards and provides reports to the state commission, in accordance with the state commission's rules.

The Cooperative complies with any and all consumer protection obligations under state law.

The Cooperative also complies with the following consumer best practices: (1) the Cooperative discloses its rates and terms of service to customers; (2) the Cooperative provides specific disclosures in its advertising; (3) the Cooperative separately identifies carrier charges from taxes on its billing statements; (4) the Cooperative provides ready access to customer service; (5) the Cooperative promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Cooperative abides by policies for protection of consumer privacy.

Finally, the Cooperative has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Cooperative's compliance with CPNI rules and a description of the Cooperative's operating procedures that ensure compliance are filed annually with the FCC.



## **LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS**

Cap Rock Telephone Cooperative, Inc. is able to function in emergency situations for both voice and broadband service. The Cooperative has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Cooperative is able to reroute traffic around damaged facilities. Although the Cooperative's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

## **LINE 1010 – VOICE SERVICES RATE COMPARABILITY**

The Wireline Competition Bureau's most recent reasonable comparability benchmark for voice services is \$46.96, which includes the federal subscriber line charge ("SLC").<sup>1</sup>

In the exchanges served by Cap Rock Telephone Cooperative, the highest single-line residential local rate, including any mandatory extended area service charge, is \$18.20. When the federal SLC and the state universal service fee are added, the total is below the reasonable comparability benchmark of \$46.96.

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<sup>1</sup> *Wireline Competition Bureau Announces Results of Urban Rate Survey for Voice Services; Seeks Comment on Petition for Extension of Time to Comply With New Rate Floor*, WC Docket No. 10-90, DA 14-384 (rel. Mar. 20, 2014), p. 2.

## **LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS**

Cap Rock Telephone Cooperative offers Lifeline subscribers the discount on a flat-rate residential access line or any other residential voice telephony service package that is generally available to the public. The residential access line provided on a stand-alone basis or as part of a package always includes an unlimited number of local calling minutes. Toll calls for a stand-alone access line are billed at the rate of the carrier chosen by the customer. With the All for One Plan, a customer is able to purchase an access line, custom calling features and 400 toll minutes for a monthly fee of \$39.95. Rates, terms and conditions can be seen at the Company's website: <http://www.caprock-spur.com/telephone/prices-and-plans/>



According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

|   |                       |  |   |
|---|-----------------------|--|---|
| <b>USDA-RUS</b><br><br><b>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</b>   |                       | <small>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</small><br><b>BORROWER NAME</b><br>Cap Rock Telephone Cooperative, Inc. |   |
| <small>INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.<br/>For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.</small>  |                       | <b>PERIOD ENDING</b><br>December, 2013   | <b>BORROWER DESIGNATION</b><br>TX0624                         |
| <b>CERTIFICATION</b><br>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.<br><b>ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.</b><br><br><b>DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII</b><br><small>(Check one of the following)</small> |                       |  |   |
| <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.                         </div> <div style="width: 45%;"> <input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report                         </div> </div>                 |                       |  |   |
| Jimmy Whitefield  |                       | 3/28/2014<br>DATE  |   |
| <b>PART A. BALANCE SHEET</b>  |                       |  |   |
| ASSETS  | BALANCE<br>PRIOR YEAR | BALANCE<br>END OF PERIOD   | LIABILITIES AND STOCKHOLDERS' EQUITY                          |
| <b>CURRENT ASSETS</b>   |                       |  | <b>CURRENT LIABILITIES</b>                                    |
| 1. Cash and Equivalents   |                       |  | 25. Accounts Payable  |
| 2. Cash-RUS Construction Fund   |                       |  | 26. Notes Payable   |
| 3. Affiliates:  |                       |  | 27. Advance Billings and Payments                             |
| a. Telecom, Accounts Receivable   |                       |  | 28. Customer Deposits   |
| b. Other Accounts Receivable  |                       |  | 29. Current Mat. L/T Debt                                     |
| c. Notes Receivable   |                       |  | 30. Current Mat. L/T Debt-Rur. Dev.                           |
| 4. Non-Affiliates:  |                       |  | 31. Current Mat.-Capital Leases                               |
| a. Telecom, Accounts Receivable   |                       |  | 32. Income Taxes Accrued                                      |
| b. Other Accounts Receivable  |                       |  | 33. Other Taxes Accrued                                       |
| c. Notes Receivable   |                       |  | 34. Other Current Liabilities                                 |
| 5. Interest and Dividends Receivable  |                       |  | 35. Total Current Liabilities (25 thru 34)                    |
| 6. Material-Regulated   |                       |  | <b>LONG-TERM DEBT</b>   |
| 7. Material-Nonregulated  |                       |  | 36. Funded Debt-RUS Notes                                     |
| 8. Prepayments  |                       |  | 37. Funded Debt-RTB Notes                                     |
| 9. Other Current Assets   |                       |  | 38. Funded Debt-FFB Notes                                     |
| 10. Total Current Assets (1 Thru 9)   |                       |  | 39. Funded Debt-Other   |
| <b>NONCURRENT ASSETS</b>  |                       |  | 40. Funded Debt-Rural Develop. Loan                           |
| 11. Investment in Affiliated Companies  |                       |  | 41. Premium (Discount) on L/T Debt                            |
| a. Rural Development  |                       |  | 42. Recaptured Debt   |
| b. Nonrural Development   |                       |  | 43. Obligations Under Capital Lease                           |
| 12. Other Investments   |                       |  | 44. Adv. From Affiliated Companies                            |
| a. Rural Development  |                       |  | 45. Other Long-Term Debt                                      |
| b. Nonrural Development   |                       |  | 46. Total Long-Term Debt (36 thru 45)                         |
| 13. Nonregulated Investments  |                       |  | <b>OTHER LIAB. &amp; DEF. CREDITS</b>                         |
| 14. Other Noncurrent Assets   |                       |  | 47. Other Long-Term Liabilities                               |
| 15. Deferred Charges  |                       |  | 48. Other Deferred Credits                                    |
| 16. Jurisdictional Differences  |                       |  | 49. Other Jurisdictional Differences                          |
| 17. Total Noncurrent Assets (11 thru 16)  |                       |  | 50. Total Other Liabilities and Deferred Credits (47 thru 49) |
| <b>PLANT, PROPERTY, AND EQUIPMENT</b>   |                       |  | <b>EQUITY</b>   |
| 18. Telecom, Plant-in-Service   |                       |  | 51. Cap. Stock Outstand. & Subscribed                         |
| 19. Property Held for Future Use  |                       |  | 52. Additional Paid-in-Capital                                |
| 20. Plant Under Construction  |                       |  | 53. Treasury Stock  |
| 21. Plant Adj., Nonop. Plant & Goodwill   |                       |  | 54. Membership and Cap. Certificates                          |
| 22. Less Accumulated Depreciation   |                       |  | 55. Other Capital   |
| 23. Net Plant (18 thru 21 less 22)  |                       |  | 56. Patronage Capital Credits                                 |
| 24. TOTAL ASSETS (10+17+23)   |                       |  | 57. Retained Earnings or Margins                              |
|   |                       |  | 58. Total Equity (51 thru 57)                                 |
|   |                       |  | 59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)                |

|   |  |  |                  |
|---|--|--|------------------|
| <b>USDA-RUS</b><br><br><b>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</b> |  | <b>BORROWER DESIGNATION</b><br><br>TX0624  |                  |
| <b>INSTRUCTIONS- See RUS Bulletin 1744-2</b>  |  | <b>PERIOD ENDING</b><br><br>December, 2013 |                  |
| <b>PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS</b>                |  |  |                  |
| <b>ITEM</b>   |  | <b>PRIOR YEAR</b>                          | <b>THIS YEAR</b> |
| 1. Local Network Services Revenues  |  |  |                  |
| 2. Network Access Services Revenues   |  |  |                  |
| 3. Long Distance Network Services Revenues  |  |  |                  |
| 4. Carrier Billing and Collection Revenues  |  |  |                  |
| 5. Miscellaneous Revenues   |  |  |                  |
| 6. Uncollectible Revenues   |  |  |                  |
| 7. Net Operating Revenues (1 thru 5 less 6)   |  |  |                  |
| 8. Plant Specific Operations Expense  |  |  |                  |
| 9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)     |  |  |                  |
| 10. Depreciation Expense  |  |  |                  |
| 11. Amortization Expense  |  |  |                  |
| 12. Customer Operations Expense   |  |  |                  |
| 13. Corporate Operations Expense  |  |  |                  |
| 14. Total Operating Expenses (8 thru 13)  |  |  |                  |
| 15. Operating Income or Margins (7 less 14)   |  |  |                  |
| 16. Other Operating Income and Expenses   |  |  |                  |
| 17. State and Local Taxes   |  |  |                  |
| 18. Federal Income Taxes  |  |  |                  |
| 19. Other Taxes   |  |  |                  |
| 20. Total Operating Taxes (17+18+19)  |  |  |                  |
| 21. Net Operating Income or Margins (15+16-20)                                      |  |  |                  |
| 22. Interest on Funded Debt   |  |  |                  |
| 23. Interest Expense - Capital Leases   |  |  |                  |
| 24. Other Interest Expense  |  |  |                  |
| 25. Allowance for Funds Used During Construction                                    |  |  |                  |
| 26. Total Fixed Charges (22+23+24-25)   |  |  |                  |
| 27. Nonoperating Net Income   |  |  |                  |
| 28. Extraordinary Items   |  |  |                  |
| 29. Jurisdictional Differences  |  |  |                  |
| 30. Nonregulated Net Income   |  |  |                  |
| 31. Total Net Income or Margins (21+27+28+29+30-26)                                 |  |  |                  |
| 32. Total Taxes Based on Income   |  |  |                  |
| 33. Retained Earnings or Margins Beginning-of-Year                                  |  |  |                  |
| 34. Miscellaneous Credits Year-to-Date  |  |  |                  |
| 35. Dividends Declared (Common)   |  |  |                  |
| 36. Dividends Declared (Preferred)  |  |  |                  |
| 37. Other Debits Year-to-Date   |  |  |                  |
| 38. Transfers to Patronage Capital  |  |  |                  |
| 39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]         |  |  |                  |
| 40. Patronage Capital Beginning-of-Year   |  |  |                  |
| 41. Transfers to Patronage Capital  |  |  |                  |
| 42. Patronage Capital Credits Retired   |  |  |                  |
| 43. Patronage Capital End-of-Year (40+41-42)  |  |  |                  |
| 44. Annual Debt Service Payments  |  |  |                  |
| 45. Cash Ratio [(14+20-10-11) / 7]  |  |  |                  |
| 46. Operating Accrual Ratio [(14+20+26) / 7]  |  |  |                  |
| 47. TIER [(31+26) / 26]   |  |  |                  |
| 48. DSCR [(31+26+10+11) / 44]   |  |  |                  |

|   |                                       |     |  |             |       |   |       |
|---|---------------------------------------|-----|--|-------------|-------|---|-------|
| <p align="center">USDA-RUS</p> <p align="center"><b>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</b></p> <p align="center"><i>INSTRUCTIONS - See RUS Bulletin 1744-2</i></p> |                                       |     |  |             |       | <p>BORROWER DESIGNATION<br/>TX0624</p> <p>PERIOD ENDED<br/>December, 2013</p> |       |
| <p align="center"><b>Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, &amp; HIGH SPEED DATA INFORMATION</b></p>  |                                       |     |  |             |       |   |       |
|   | <p align="center"><b>1. RATES</b></p> |     | <p align="center"><b>2. SUBSCRIBERS (ACCESS LINES)</b></p> |             |       | <p align="center"><b>3. ROUTE MILES</b></p>                                   |       |
| EXCHANGE  | B-1                                   | R-1 | BUSINESS   | RESIDENTIAL | TOTAL | TOTAL<br>(including fiber)  | FIBER |
|   | (a)                                   | (b) | (a)  | (b)         | (c)   | (a)   | (b)   |
| Afton   |                                       |     |  |             |       |   |       |
| Dickens   |                                       |     |  |             |       |   |       |
| Dry Lake  |                                       |     |  |             |       |   |       |
| Flomot  |                                       |     |  |             |       |   |       |
| Grand   |                                       |     |  |             |       |   |       |
| Hackmont  |                                       |     |  |             |       |   |       |
| Jayton  |                                       |     |  |             |       |   |       |
| Matador   |                                       |     |  |             |       |   |       |
| Peacock   |                                       |     |  |             |       |   |       |
| Paducah   |                                       |     |  |             |       |   |       |
| Quitaque  |                                       |     |  |             |       |   |       |
| Roaring Springs   |                                       |     |  |             |       |   |       |
| Spur  |                                       |     |  |             |       |   |       |
| Turkey  |                                       |     |  |             |       |   |       |
| Verbena   |                                       |     |  |             |       |   |       |
| White River   |                                       |     |  |             |       |   |       |
| MobileWireless  |                                       |     |  |             |       |   |       |
| Route Mileage<br>Outside Exchange<br>Area   |                                       |     |  |             |       |   |       |
| Total   |                                       |     |  |             |       |   |       |
| No. Exchanges   |                                       |     |  |             |       |   |       |



| <p>USDA-RUS</p> <p><b>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</b></p> <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p> |   |                                       |                                 |  |  | <p>BORROWER DESIGNATION<br/>TX0824</p> <p>PERIOD ENDED<br/>December, 2013</p> |                        |                              |
|---|---|---------------------------------------|---------------------------------|--|--|---|------------------------|------------------------------|
| <p><b>Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, &amp; HIGH SPEED DATA INFORMATION</b></p>                                     |   |                                       |                                 |  |  |   |                        |                              |
| <p><b>4. BROADBAND SERVICE</b></p>  |   |                                       |                                 |  |  |   |                        |                              |
| <p><b>Details on Least Expensive Broadband Service</b></p>  |   |                                       |                                 |  |  |   |                        |                              |
| EXCHANGE  | No. Access Lines<br>with BB<br>available<br>(a) | No Of Broadband<br>Subscribers<br>(b) | Number Of<br>Subscribers<br>(c) | Advertised<br>Download Rate<br>(Kbps)<br>(d) | Advertised<br>Upload<br>Rate (Kbps)<br>(e) | Price Per Month<br>(f)  | Standalone/Pckg<br>(g) | Type Of<br>Technology<br>(h) |
| Afton   |   |                                       |                                 |  |  |   |                        |                              |
| Dickens   |   |                                       |                                 |  |  |   |                        |                              |
| Dry Lake  |   |                                       |                                 |  |  |   |                        |                              |
| Flomot  |   |                                       |                                 |  |  |   |                        |                              |
| Girard  |   |                                       |                                 |  |  |   |                        |                              |
| Hackmont  |   |                                       |                                 |  |  |   |                        |                              |
| Jayton  |   |                                       |                                 |  |  |   |                        |                              |
| Matador   |   |                                       |                                 |  |  |   |                        |                              |
| Peacock   |   |                                       |                                 |  |  |   |                        |                              |
| Peducan   |   |                                       |                                 |  |  |   |                        |                              |
| Quitague  |   |                                       |                                 |  |  |   |                        |                              |
| Roaring Springs   |   |                                       |                                 |  |  |   |                        |                              |
| Spur  |   |                                       |                                 |  |  |   |                        |                              |
| Turkey  |   |                                       |                                 |  |  |   |                        |                              |
| Verbena   |   |                                       |                                 |  |  |   |                        |                              |
| White River   |   |                                       |                                 |  |  |   |                        |                              |
| Total   |   |                                       |                                 |  |  |   |                        |                              |

|   |                          |  |                                     |                                      |                    |
|---|--------------------------|--|-------------------------------------|--------------------------------------|--------------------|
| <b>USDA-RUS</b><br><b>OPERATING REPORT FOR</b><br><b>TELECOMMUNICATIONS BORROWERS</b>   |                          | <b>BORROWER DESIGNATION</b><br>TX0624  |                                     |                                      |                    |
| <b>INSTRUCTIONS- See RUS Bulletin 1744-2</b>  |                          | <b>PERIOD ENDING</b><br>December, 2013   |                                     |                                      |                    |
| <b>PART D. SYSTEM DATA</b>  |                          |  |                                     |                                      |                    |
| 1. No. Plant Employees  | 2. No. Other Employees   | 3. Square Miles Served   | 4. Access Lines per Square Mile     |                                      |                    |
| <b>PART E. TOLL DATA</b>  |                          |  |                                     |                                      |                    |
| 1. Study Area ID Code(s)<br>a. 442046<br>b. _____<br>c. _____<br>d. _____<br>e. _____<br>f. _____<br>g. _____<br>h. _____<br>i. _____<br>j. _____ |                          | 2. Types of Toll Settlements (Check one)<br>Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis<br>Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis |                                     |                                      |                    |
| <b>PART F. FUNDS INVESTED IN PLANT DURING YEAR</b>  |                          |  |                                     |                                      |                    |
| 1. RUS, RTB, & FFB Loan Funds Expended  |                          |  |                                     |                                      |                    |
| 2. Other Long-Term Loan Funds Expended  |                          |  |                                     |                                      |                    |
| 3. Funds Expended Under RUS Interim Approval  |                          |  |                                     |                                      |                    |
| 4. Other Short-Term Loan Funds Expended   |                          |  |                                     |                                      |                    |
| 5. General Funds Expended (Other than Interim)  |                          |  |                                     |                                      |                    |
| 6. Salvaged Materials   |                          |  |                                     |                                      |                    |
| 7. Contribution in Aid to Construction  |                          |  |                                     |                                      |                    |
| 8. Gross Additions to Telecom. Plant (1 thru 7)   |                          |  |                                     |                                      |                    |
| <b>PART G. INVESTMENTS IN AFFILIATED COMPANIES</b>  |                          |  |                                     |                                      |                    |
| <b>INVESTMENTS</b><br><br>(a)   | <b>CURRENT YEAR DATA</b> |  | <b>CUMULATIVE DATA</b>              |                                      |                    |
|   | Investment<br>This Year  | Income/Loss<br>This Year   | Cumulative<br>Investment<br>To Date | Cumulative<br>Income/Loss<br>To Date | Current<br>Balance |
| 1. Investment in Affiliated Companies - Rural Development   |                          |  |                                     |                                      |                    |
| 2. Investment in Affiliated Companies - Nonrural Development  |                          |  |                                     |                                      |                    |

|   |   |
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| <b>USDA-RUS</b><br><br><b>OPERATING REPORT FOR</b><br><b>TELECOMMUNICATIONS BORROWERS</b>   | BORROWER DESIGNATION<br>TX0624<br><br>PERIOD ENDING<br>December, 2013 |
| <b>PART H. CURRENT DEPRECIATION RATES</b>   |   |
| Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) |   |
| <input checked="checked" type="checkbox"/> YES <input type="checkbox"/> NO  |   |
| <b>EQUIPMENT CATEGORY</b>   | <b>DEPRECIATION RATE</b>  |
| 1. Land and support assets - Motor Vehicles   |   |
| 2. Land and support assets - Aircraft   |   |
| 3. Land and support assets - Special purpose vehicles   |   |
| 4. Land and support assets - Garage and other work equipment  |   |
| 5. Land and support assets - Buildings  |   |
| 6. Land and support assets - Furniture and Office equipment   |   |
| 7. Land and support assets - General purpose computers  |   |
| 8. Central Office Switching - Digital   |   |
| 9. Central Office Switching - Analog & Electro-mechanical   |   |
| 10. Central Office Switching - Operator Systems   |   |
| 11. Central Office Transmission - Radio Systems   |   |
| 12. Central Office Transmission - Circuit equipment   |   |
| 13. Information origination/termination - Station apparatus   |   |
| 14. Information origination/termination - Customer premises wiring  |   |
| 15. Information origination/termination - Large private branch exchanges  |   |
| 16. Information origination/termination - Public telephone terminal equipment   |   |
| 17. Information origination/termination - Other terminal equipment  |   |
| 18. Cable and wire facilities - Poles   |   |
| 19. Cable and wire facilities - Aerial cable - Metal  |   |
| 20. Cable and wire facilities - Aerial cable - Fiber  |   |
| 21. Cable and wire facilities - Underground cable - Metal   |   |
| 22. Cable and wire facilities - Underground cable - Fiber   |   |
| 23. Cable and wire facilities - Buried cable - Metal  |   |
| 24. Cable and wire facilities - Buried cable - Fiber  |   |
| 25. Cable and wire facilities - Conduit systems   |   |
| 26. Cable and wire facilities - Other   |   |
|   |   |

|  |  |                                |  |
|--|--|--------------------------------|--|
| USDA-RUS   |  | BORROWER DESIGNATION           |  |
| OPERATING REPORT FOR<br>TELECOMMUNICATIONS BORROWERS   |  | TX0624                         |  |
|  |  | PERIOD ENDED<br>December, 2013 |  |
| INSTRUCTIONS – See help in the online application.   |  |                                |  |
| PART I – STATEMENT OF CASH FLOWS   |  |                                |  |
| 1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)  |  |                                |  |
| CASH FLOWS FROM OPERATING ACTIVITIES   |  |                                |  |
| 2. Net Income  |  |                                |  |
| <i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>                        |  |                                |  |
| 3. Add: Depreciation   |  |                                |  |
| 4. Add: Amortization   |  |                                |  |
| 5. Other (Explain)   |  |                                |  |
| <div></div>  |  |                                |  |
| <i>Changes in Operating Assets and Liabilities</i>   |  |                                |  |
| 6. Decrease/(Increase) in Accounts Receivable  |  |                                |  |
| 7. Decrease/(Increase) in Materials and Inventory  |  |                                |  |
| 8. Decrease/(Increase) in Prepayments and Deferred Charges   |  |                                |  |
| 9. Decrease/(Increase) in Other Current Assets   |  |                                |  |
| 10. Increase/(Decrease) in Accounts Payable  |  |                                |  |
| 11. Increase/(Decrease) in Advance Billings & Payments   |  |                                |  |
| 12. Increase/(Decrease) in Other Current Liabilities   |  |                                |  |
| 13. Net Cash Provided/(Used) by Operations   |  |                                |  |
| CASH FLOWS FROM FINANCING ACTIVITIES   |  |                                |  |
| 14. Decrease/(Increase) in Notes Receivable  |  |                                |  |
| 15. Increase/(Decrease) in Notes Payable   |  |                                |  |
| 16. Increase/(Decrease) in Customer Deposits   |  |                                |  |
| 17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)                                   |  |                                |  |
| 18. Increase/(Decrease) in Other Liabilities & Deferred Credits  |  |                                |  |
| 19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital |  |                                |  |
| 20. Less: Payment of Dividends   |  |                                |  |
| 21. Less: Patronage Capital Credits Retired  |  |                                |  |
| 22. Other (Explain)  |  |                                |  |
| <div></div>  |  |                                |  |
| 23. Net Cash Provided/(Used) by Financing Activities   |  |                                |  |
| CASH FLOWS FROM INVESTING ACTIVITIES   |  |                                |  |
| 24. Net Capital Expenditures (Property, Plant & Equipment)   |  |                                |  |
| 25. Other Long-Term Investments  |  |                                |  |
| 26. Other Noncurrent Assets & Jurisdictional Differences   |  |                                |  |
| 27. Other (Explain)  |  |                                |  |
| <div></div>  |  |                                |  |
| 28. Net Cash Provided/(Used) by Investing Activities   |  |                                |  |
| 29. Net Increase/(Decrease) in Cash  |  |                                |  |
| 30. Ending Cash  |  |                                |  |

Revision Date 2010



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| <p>USDA-RUS</p> <p><b>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</b></p> | <p>BORROWER DESIGNATION</p> <p>TX0624</p> |
| <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>                                       | <p>PERIOD ENDED</p> <p>December, 2013</p> |
| <p><b>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>        |   |
| <p>[REDACTED CONTENT]</p>   |   |

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| <p>USDA-RUS</p> <p>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</p>                     | <p>BORROWER DESIGNATION</p> <p>TX0624</p> |
| <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>  | <p>PERIOD ENDED</p> <p>December, 2013</p> |
| <p>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> |   |
|  |   |